



## Result Update @ Dalal & Broacha

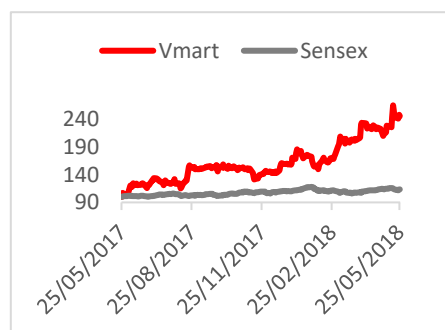
### ACCUMULATE

Current Price	2395
52 Week Range	944/2515

### Key Share Data

Market Cap (Rs.bn)	433
Market Cap (US\$ mn)	6414
No of o/s shares (mn)	18.1
Face Value	10.0
Monthly Avg. vol(BSE+NSE)	
Nos'000	28
BSE Code	534976
NSE Code	VMART
Bloomberg	VMART IN

### Price performance



% Shareholding	Mar-18	Dec-17
Promoters	12.73	54.4
Institutions	34.06	34.06
Others	53.21	11.54
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

### V-mart Retail Ltd Q4FY18 Result is better than expectations. Q4FY18 SSS growth 7% on base of 34% YoY.

V-Mart posted revenue growth of 18% Y-o-Y to Rs. 2974mn on account of Store refurbishments, merchandise improvement, technology led supply chain and new product ranges.

EBIDTA increased by 55% Y-o-Y to Rs.231mn. EBIDTA margins stood at 7.8% as against 5.9% Y-o-Y (mainly on account of lower Raw Material Costs. Other Expenses to Revenues stood at 13.8% v/s 13.4% Y-o-Y.

Interest Cost decreased by 82% to Rs. 1.5mn v/s Rs. 8.6mn Y-o-Y.

Profit Before Tax grew by 79.7% Y-o-y to Rs. 175mn

V-mart posted PAT growth of 147% Y-o-Y to Rs. 159mn on back of lower Interest costs and tax adjustments. (Tax rate for the quarter stood at 9% v/s 34% Y-o-Y as it includes Rs 10.75 mn towards adjustment of tax expense for earlier years. Total Tax Rs 15.5mn v/s Rs 32.7mn YoY)

#### Other KTA's:

- 30 stores added during the year bringing total store count to 171. Highest number of store additions in a Financial Year till date.

- Major Focus in the Tier 3 and 4 segment, with 26 stores (+10 in Tier 3 and +16 in Tier 4) out of the 30 store additions.

- Total Retail space during the year increased by 20% Y-o-Y from 12 lacs Sq.ft to 14.4 lac Sq.ft. The company plans to increase it's total retail space by 17-20% each year for future years.

- Capex during the year stood at Rs. 500 mn. The company guided higher Capex in FY19 which would be funded internally.

-Footfall of the company grew 17% Y-o-Y from 63.4 lacs to 74 lacs.

-Included in MSCI global Small Cap index (since 15-May-2018)

-Awarded a skill development project under UP government: company has set-up a skill development Centre to train 1800 youth for 3 years and might absorb them for its future expansion.

-Appointed Ayushmann Khurrana and Bhumi Pednekar as the face of brand and a campaign featuring the two is underway.

-Company declared a final dividend of Rs.2 vs 1.25.

#### Valuation & Outlook

At CMP of Rs 2395, the stock is trading at 49x its FY19e EPS of Rs 48.5 and 40x its FY20e EPS of Rs 59.4. We Maintain **Accumulate**.



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Particulars ( Rs Mns)	Q4FY17	Q4FY18	FY17	FY18
Revenue from Operations	2518.874	2973.596	10017.25	12223.73
<i>Growth</i>		18.1%		22.0%
Other Income	12.913	12.299	41.409	41.409
<b>Total</b>	<b>2531.787</b>	<b>2985.895</b>	<b>10058.66</b>	<b>12265.14</b>
<i>Growth</i>		17.9%		21.9%
<b>Expenses</b>				
cost of materials consumed				0
Purchase of stock in trade	2395.091	2418.034	7675.171	8682.044
Changes in inventories of stock in trade	-559.514	-335.49	-647.484	-379.36
<b>COGS</b>	<b>1835.577</b>	<b>2082.544</b>	<b>7027.687</b>	<b>8302.684</b>
<i>% of sales</i>	72.9%	70.0%	70.2%	67.9%
<i>Growth</i>		13.5%		18.1%
Employee Benefit Expense	195.923	250.602	782.795	983.902
<i>% of sales</i>	7.8%	8.4%	7.8%	8.0%
<i>Growth</i>		27.9%		25.7%
Other Expenses	338.437	409.624	1359.185	1609.274
<i>% of sales</i>	13.4%	13.8%	13.6%	13.2%
<i>Growth</i>		21.0%		18.4%
<b>Total</b>	<b>2369.937</b>	<b>2742.77</b>	<b>9169.667</b>	<b>10895.86</b>
<i>% of sales</i>	94.1%	92.2%	91.5%	89.1%
<i>Growth</i>		15.7%		18.8%
<b>EBITDA excluding other income</b>	<b>148.937</b>	<b>230.826</b>	<b>847.583</b>	<b>1327.866</b>
<b>EBIDTA MARGINS</b>	<b>5.9%</b>	<b>7.8%</b>	<b>8.5%</b>	<b>10.9%</b>
<i>Growth</i>		55.0%		56.7%
<b>EBITDA including other income</b>	<b>161.85</b>	<b>243.125</b>	<b>888.992</b>	<b>1369.275</b>
<i>% of sales</i>	6.4%	8.1%	8.8%	11.2%
<i>Growth</i>		50.2%		54.0%
Depreciation	56.074	66.914	185.532	229.304
<i>Growth</i>		19.3%		23.6%
<b>EBIT</b>	<b>105.776</b>	<b>176.211</b>	<b>703.46</b>	<b>1139.971</b>
Finance costs	8.597	1.545	35.242	15.285
<i>Growth</i>		-82.0%		-56.6%
<b>PBT</b>	<b>97.179</b>	<b>174.666</b>	<b>668.218</b>	<b>1124.686</b>
<i>% of sales</i>	4%	6%	7%	9%
<i>Growth</i>		79.7%		68.3%
prior period income/(expense) (net)	0	0	0	0
<b>PBT</b>	<b>97.179</b>	<b>174.666</b>	<b>668.218</b>	<b>1124.686</b>
<b>Tax Expense</b>				0
Current tax	33.693	23.203	234.23	362.563
Deferred tax	-0.954	-7.684	-5.044	-14.934
<b>Total</b>	<b>32.739</b>	<b>15.519</b>	<b>229.186</b>	<b>347.629</b>
<b>Tax Rate</b>	<b>34%</b>	<b>9%</b>	<b>34%</b>	<b>31%</b>
<b>PAT</b>	<b>64.44</b>	<b>159.15</b>	<b>439.03</b>	<b>777.06</b>
<b>NPM</b>	<b>2.5%</b>	<b>5.3%</b>		
<i>Growth</i>		147.0%		
Extraordinary item	0.00	0.00	0.00	0
Other Comprehensive Income	0.265	4.632	1.626	2.872
<b>Total Comprehensive Income</b>	<b>64.70</b>	<b>163.78</b>	<b>440.66</b>	<b>779.93</b>
Equity	180.68	180.97	180.67	180.97
Face Value	10	10	10	10
Number of Shares	18.068	18.097	18.07	18.10
Basic EPS	3.57	8.79	24.30	42.94
Dilluted EPS	3.57	8.79	21.8758	42.93749



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P&L (Rs mn)	FY16	FY17	FY18	FY19E	FY20E	Cash Flow St. (Rs. mn)	FY16	FY17	FY18	FY19E	FY20E
Net Sales	8,092.6	10,017.3	12,223.7	14,435.6	17,047.7	Net Profit	276.3	395.2	777.1	877.9	1,074.3
Cost of sales	(7,474.2)	(9,191.5)	(10,895.9)	(12,925.0)	(15,235.3)	Add: Dep. & Amort.	190.1	220.2	229.3	268.3	313.9
<b>Operating Profit</b>	<b>618.3</b>	<b>825.8</b>	<b>1,327.9</b>	<b>1,510.6</b>	<b>1,812.4</b>	<b>Cash profits</b>	<b>466.5</b>	<b>615.4</b>	<b>1,006.4</b>	<b>1,146.2</b>	<b>1,388.2</b>
Depreciation	(190.1)	(220.2)	(229.3)	(268.3)	(313.9)	<b>(Inc)/Dec in</b>					
PBIT	428.2	605.6	1,098.6	1,242.3	1,498.5	-Sundry debtors	-	-	-	-	-
Other income	11.7	30.9	41.4	45.3	73.7	-Inventories	(212.2)	(647.5)	(379.4)	(555.7)	(656.3)
Interest	(31.2)	(35.2)	(15.3)	(15.3)	(15.3)	-Loans/advances	(40.5)	43.8	(6.6)	(24.2)	(28.0)
Profit before tax	408.8	601.2	1,124.7	1,272.3	1,556.9	'-Current Liab and Provisions	317.0	676.6	89.1	369.2	432.0
Exceptional and Extra Ordinary	14.4	-	-	-	-	'- Other Non Current Assets	(0.3)	0.7	(102.4)	(10.3)	(11.3)
PBT ( Post Extra Ordinary)	423.1	601.2	1,124.7	1,272.3	1,556.9	Change in working capital	63.9	73.6	(399.3)	(221.0)	(263.6)
Provision for tax	(146.8)	(206.0)	(347.6)	(394.4)	(482.6)	<b>CF from Oper. activities</b>	<b>530.4</b>	<b>689.0</b>	<b>607.1</b>	<b>925.2</b>	<b>1,124.6</b>
<b>Reported PAT</b>	<b>276.3</b>	<b>395.2</b>	<b>777.1</b>	<b>877.9</b>	<b>1,074.3</b>	<b>CF from Inv. activities</b>	<b>(434.4)</b>	<b>(760.9)</b>	<b>(61.3)</b>	<b>(532.7)</b>	<b>(489.9)</b>
MI	-	-	-	-	-	<b>CF from Fin. activities</b>	<b>(86.7)</b>	<b>58.3</b>	<b>(379.0)</b>	<b>(52.7)</b>	<b>(53.7)</b>
<b>Adjusted PAT</b>	<b>266.9</b>	<b>395.2</b>	<b>777.1</b>	<b>877.9</b>	<b>1,074.3</b>	<b>Cash generated/(utilised)</b>	<b>9.2</b>	<b>(13.6)</b>	<b>166.7</b>	<b>339.8</b>	<b>581.0</b>
						Cash at start of the year	33.6	42.8	29.2	195.9	535.7
						Cash at end of the year	42.8	29.2	195.9	535.7	1,116.7
<b>Balance Sheet</b>	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19E</b>	<b>FY20E</b>	<b>Ratios</b>	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19E</b>	<b>FY20E</b>
Equity capital	180.7	180.7	181.0	181.0	181.0	OPM	7.6	8.2	10.9	10.5	10.6
Reserves	2,126.5	2,522.7	3,293.4	4,118.7	5,139.2	NPM	3.3	3.9	6.3	6.1	6.3
<b>Net worth</b>	<b>2,307.2</b>	<b>2,703.4</b>	<b>3,474.4</b>	<b>4,299.7</b>	<b>5,320.2</b>	Tax rate	(35.9)	(34.3)	(30.9)	(31.0)	(31.0)
<b>Non Current Liabilities</b>	<b>105.2</b>	<b>153.6</b>	<b>84.0</b>	<b>91.8</b>	<b>101.1</b>	<b>Growth Ratios (%)</b>					
<b>Current Liabilities</b>	<b>1,419.6</b>	<b>2,133.4</b>	<b>1,940.7</b>	<b>2,302.0</b>	<b>2,724.6</b>	Net Sales	12.4	23.8	22.0	18.1	18.1
<b>CAPITAL EMPLOYED</b>	<b>3,832.0</b>	<b>4,990.3</b>	<b>5,499.0</b>	<b>6,693.4</b>	<b>8,146.0</b>	Operating Profit	(2.9)	33.5	60.8	13.8	20.0
<b>Non Current Assets</b>	<b>1,467.4</b>	<b>1,616.3</b>	<b>1,710.0</b>	<b>1,871.4</b>	<b>2,059.8</b>	PBIT	(27.6)	41.4	81.4	13.1	20.6
Fixed Assets	1,126.5	1,314.7	1,482.6	1,633.2	1,809.2	PAT	(30.8)	48.1	96.6	13.0	22.4
Non Current Investments	130.3	57.6	63.4	63.4	63.4	<b>Per Share (Rs.)</b>					
Deferred Tax Asset	42.2	70.4	92.0	92.0	92.0	Net Earnings (EPS)	14.8	21.9	42.9	48.5	59.4
Long Term Loans and Advances	168.4	173.5	72.0	82.7	95.2	Cash Earnings (CPS)	25.3	34.1	55.6	63.3	76.7
Other NON Current Assets	1.0	0.3	102.7	113.0	124.3	Dividend	-	1.3	1.3	2.0	2.4
<b>Current Assets</b>	<b>2,363.6</b>	<b>3,373.8</b>	<b>3,686.4</b>	<b>4,709.1</b>	<b>5,961.9</b>	Book Value	127.7	149.6	192.0	237.6	294.0
<b>Current investments</b>	<b>193.4</b>	<b>618.6</b>	<b>276.9</b>	<b>390.7</b>	<b>390.7</b>	Free Cash Flow	5.3	(4.0)	30.2	21.7	35.1
Inventories	2,044.3	2,691.8	3,071.1	3,626.8	4,283.1	<b>Valuation Ratios</b>					
Trade Receivables	-	-	-	-	-	P/E(x)	156.7	105.8	53.9	47.7	39.0
Cash and Bank Balances	42.8	29.2	195.9	535.7	1,116.7	P/B(x)	18.1	15.5	12.1	9.7	7.9
Short Term Loans and Advances	82.3	34.1	0.8	-	-	EV/EBIDTA(x)	68.0	51.0	31.4	27.4	22.5
Other Current Assets	1.0	0.1	141.7	155.9	171.5	Div. Yield(%)	-	0.1	0.1	0.1	0.1
<b>CAPITAL DEPLOYED</b>	<b>3,832.0</b>	<b>4,990.3</b>	<b>5,499.0</b>	<b>6,693.4</b>	<b>8,146.0</b>	<b>FCF Yield(%)</b>	<b>0.2</b>	<b>(0.2)</b>	<b>1.3</b>	<b>0.9</b>	<b>1.5</b>
						<b>Return Ratios (%)</b>					
						ROE	11.6	14.6	22.4	20.4	20.2
						ROCE	16.6	19.8	31.6	28.9	28.1



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